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SENIOR STAFF AGENDA - 8 JULY 1963

Report Strategic Studies
(15 minutes)

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Post Mortem on President's Trip
(5 minutes)
(Tentative; there may be nothing
to report)

Mr. Cline or Mr. Cooper

Early Retirement Legislation and
Activity of Agency Committees
(5 minutes)

Mr. Houston ~~or Mr. Warner~~

Mechanical Translation
(10 minutes)

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Agency S&T Program

General Carter or
Mr. Kirkpatrick

Cable Releasing System
National Cultural Center Campaign
Awards Program (recent \$7000 award)
(2 minutes)

Mr. Kirkpatrick

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Executive Registry

63-5181

21 June 1963

MEMORANDUM FOR THE RECORD

SUBJECT: Senior Staff Meeting, 10 June 1963

1. See agenda, reference 1.
2. JOT Attrition, see reference 2.
3. Historical Intelligence Collection, see reference 3.
4. Balance of Payments Deficit, see reference 4
5. There was not enough time for John Bross to talk so his presentation was postponed until the next meeting.

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EXECUTIVE REGISTRY FILE

Senior Staff

AGENDA
Senior Staff Meeting
Monday, 10 June 1963, 11:00 a.m.

1. Attrition Among the JOTs
(15 minutes)

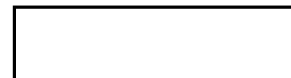


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2. CIA Historical Intelligence Collection
(10 minutes)

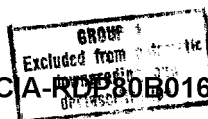
PFORZHEIMER

3. Gold Outflow:
National Problem
(10 minutes)
Impact on CIA Since 1960
(10 minutes)



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BROSS



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Next 9 Page(s) In Document Exempt

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NOTES FOR BRIEFING ON HIC
DIRECTOR'S SENIOR STAFF MEETING
10 June 1963

HIC established 1 Jan. 1956

Partly outgrowth of WP's personal coll. - T.S. Eliot "The personal library preceded the public library in the order of generation" - -

Partly due to fact that Ly had no real coll. of books on Tradecraft - -

AWD wanted greatest ly. on intell. that cd. be put together on all aspects of our business, from beginning of time to advance copies of newest bks. on all countries, in all langs.

Now over 8000 - why trans? - never know what we may need - Sp. very popular now - trainees - Fjedorov's Underground Committee Carries On - tech. lang. training - Swedish -

Purposes for establishment and maintenance are twofold - precedents and training

Precedents as a lawyer uses the cases for his briefs - for instance, the Ochrana of the Tzars, the Cheka of the Bolsheviks, and the successor orgs. from GPU to KGB, have much in common in basic techniques and methods and approaches - modus operandi - the early books by those in the Russ. service are as important in their way as those by later defectors,

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Am told that putting together of this coll. makes sense, and that keeping it together as a coll. with its own Curator for rapid servicing of requirements and knowledge of its contents is important - if it were shelved within the ly., it would lose its identity for browsers and students, for it would become lost in the shuffle of a ly. whose basic breakdown for our service must be area - the coll. has a subjective breakdown covering its various components - gen. intell., mil., naval, air, specialized, esp., counterint., unconventional warfare - guerrillas, partisans, subversion, sab., e & e, counterins. - some psy. and econ. warfare, loyalty and security, some cryptography -

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read of OSS operations in The Scarlet Thread, or of British intelligence in the Americas during World War II in The Quiet Canadian, altho from a professional standpoint, we would have been happier if neither book had been written. But the point I wish to make is again to note the similarity of the problems set forth in the literature of intelligence, no matter where written, whether in Biblical times or our own. For the learning of our profession, we must absorb from the precedents and experiences of the past, projected into our everyday work, and despite the fact that this is overt published literature. I can only say that, on this basis, books will be written and books will be read, and to those books, gathered together as best I can in our Historical Intelligence Collection, I heartily commend and welcome you and your staffs.

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U.S. BALANCE OF PAYMENTS DEFICIT
AND INTERNATIONAL GOLD FLOWS

I. Balance of Payments

1. Statement of a nations international account -- comparable to the income statement of a corporation.
 - a. receipts measure foreign demand.
 - b. payments provide a supply of currency to others.
2. The capital accounts or financial structure are presented in the reserve position whence the settlement of the income statement derives -- again as in corporate accounting practice.
3. U.S. international payments are subject to special forces because the dollar is a reserve currency as well as a currency of international account.
 - a. dollar reserve position stems from its convertibility.
4. Held as reserve, dollars constitute a potential demand for gold as well as for goods.

II. Derivation of U.S. deficit

1. Essentially U.S. payments have exceeded U.S. receipts.
 - a. Payments

Investment - Including Foreign Aid
Goods and Services - Including Military
Remittances
 - b. Receipts

Goods
Debt service
Services (Freight and Ins.)
2. Why the U.S. deficit?
 - a. Reconstruction in Europe and Assistance to new countries.
 - b. Higher yields from foreign investment.
 - c. Military necessity.

3. What has been result?

As Europe developed, needed fewer goods, wanted strong currency positions.

Buy gold with dollar receipts rather than buy goods and services.

European gold holdings up \$10 billions.

U.S. gold holdings down \$6 billions (Difference is largely newly mined gold.)

III. What can redress the flow?

1. Reduction in major flows abroad or increased purchases of U.S. goods.

2. No problem anywhere except in Europe, other dollars flow right back or flow to Europe.

3. Need to get into a better cost position vis a vis Europe or to rehabilitate capital.

a. Higher costs in Europe improve our position.

More purchases here.

Less of our investment goes there.

b. Rehabilitation of capital defeats our assistance program in these countries and requires outlets here.

IV. Don't be encouraged, we'll have a continuous problem unless we change international financial reserve system. Reserves as presently constituted are not enough now to cover transactions.

Questions:

1. How is the system able to work now if there are these problems?

A. Largely because of confidence of participating countries and willingness of some major central banks to band together to keep the system afloat.

2. Can Soviet gold operations damage or disrupt this system?

A. No! By introducing new gold into the system, the USSR helps its operation. Only Soviet positive action was to refuse to sell gold

in late 1960 when there was a concerted attack on confidence in the dollar.

3. Does this mean that money agency spends outside of Western Europe has little deleterious effect on out payments position?
 - A. In general, yes. These funds flow back to the U.S. in large part although some may flow into Europe.

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UNCLASSIFIED		CONFIDENTIAL		SECRET	
CENTRAL INTELLIGENCE AGENCY OFFICIAL ROUTING SLIP					
TO	NAME AND ADDRESS	DATE	INITIALS		
1	Executive Director	5/20/74	JMC		
2	ER (for Senior Staff File)				
3					
4					
5					
6					
	ACTION		DIRECT REPLY		PREPARE REPLY
	APPROVAL		DISPATCH		RECOMMENDATION
	COMMENT		FILE		RETURN
	CONCURRENCE		INFORMATION		SIGNATURE
Remarks:					
FOLD HERE TO RETURN TO SENDER					
FROM: NAME, ADDRESS AND PHONE NO.					DATE
O/Executive Director					21 June

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